

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIRST SET OF INFORMATION REQUESTS FROM THE D.T.E.
D.T.E. 04-57

Date: August 20, 2004

Witness Responsible: Joseph A. Ferro

DTE 1-11: Please refer to Exh. BSG-1 at 10-11. Explain whether Bay State has already recovered any portion of the \$2,169,462 that the Company is seeking to recover in this proceeding.

RESPONSE: No, the Company has not recovered any portion of its requested \$2,169,462 in LBR-related exogenous costs.

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DTE 1-12: Please refer to Exh. BSG-1, at 5. Why did Bay State limit the LBR calculation to "savings from DSM measures installed through February 1999"?

RESPONSE: The LBR requested as an exogenous cost in this docket stems solely from those measures installed through February 1999 as stated on page 5 of Exhibit BSG-1. The specific method of calculation computed the total Lost Base Revenue (LBR) for the 12-month period in question for all measures installed since the inception of Bay State's DSM program and then subtracted the LBR previously allowed for recovery using the Rolling Period Method (RPM). These two calculations treat the LBR from measures installed after February 1999 identically. Therefore, they are included in the total LBR figures and subtracted as part of the LBR using the RPM. As a result, the LBR requested as an exogenous cost in this docket is derived solely from those measures installed through February 1999.

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DTE 1-13: Please refer to Exh. BSG-3. Submit copies of LNR Nos. 15 and 16 that the Company filed with the Department. Display all calculations and supporting documents, including the electronic database used in the computation.

RESPONSE: See Attachment DTE 1-13 and the CD-Rom containing the electronic files of the data and calculations used in the computation of LNR Nos. 15 and 16.

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DTE 1-14: Please refer to Exh. BSG-1, at 12-13. Explain what the Company means by "Bay State's recovery of exogenous costs attributable to the adoption of the RPM to compute LBR was delayed as a result of events outside the control of the Company or the Department."

RESPONSE: As stated on page 3 of Schedule BSG-1, which is the May 14, 2004 transmittal letter, by stating that "Bay State's recovery of exogenous costs attributable to the adoption of the RPM to compute LBR was delayed as a result of events outside the control of the Company and the Department," the Company is referring to the regulatory lag between initially filing its annual exogenous costs in early 2003 for the period September 2001 through August 2002 and the Department approval to allow for recovery beginning November 1, 2003. The 2003 filing was delayed because Bay State initially sought Department approval of a modified RPM recovery in 2001 and was instructed to file for exogenous cost recovery treatment instead.

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DTE 1-15: Please refer to Exh. BSG-1, at 12-13. When did Bay State first apply the four-year RPM to the calculation of LBR associated with the Company's DSM programs?

RESPONSE: Bay State first applied the four-year RPM to the calculation of LBR for LNR Rate Nos. 8 and 9, for the four-year cumulative effect of lost base revenues for the six-month periods of March 1999 through August 1999 and September 1999 through February 2000. A revised LBR filing was made in the Summer 2000, subsequent to the Department's April 28, 2000 approval letter of the Company's Off-peak GAFs in which the Department rejected the Non-RPM calculation.